

AMENDED IN SENATE MAY 13, 2003

AMENDED IN SENATE APRIL 28, 2003

SENATE BILL

No. 551

Introduced by Senator Speier
(Coauthor: Assembly Member Lieber)

February 20, 2003

An act to add Section 758.5 to the Insurance Code, relating to auto insurance.

LEGISLATIVE COUNSEL'S DIGEST

SB 551, as amended, Speier. Insurance: automotive repair dealers.

Existing law generally regulates insurers by, among other things, defining certain unlawful practices.

This bill would prohibit an insurer from recommending that an automobile be repaired, or not be repaired, at a specific automotive repair dealer, as defined, unless the claimant specifically requests a referral. It would ~~allow~~ *make an insurer who violates this prohibition liable for compensatory damages suffered by an insured or other claimant, or a repair dealer, damaged by a violation of this provision to recover damages, as specified.*

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. This act shall be known as the "Auto Repair
- 2 Consumer Choice Act of 2003."
- 3 SEC. 2. The Legislature finds and declares the following:

1 (a) Thousands of California consumers each year require repair
2 of their vehicles as a result of collision or other damage.

3 (b) As a result of automobile collisions and other damage,
4 many consumers make insurance claims.

5 (c) California consumers are entitled to select an auto repair
6 shop of their choice to repair auto damage.

7 (d) Insurers are steering consumers to auto repair shops chosen
8 by the insurer and not the consumer.

9 (e) Insurers are using unfair tactics to steer consumers,
10 including suggesting or implying that the auto repair shop selected
11 by the consumer is inferior or inconvenient.

12 (f) Existing laws regulating the consumer's right to choose an
13 auto repair shop are weak.

14 (g) Accordingly, the Legislature has determined that it is
15 necessary to strengthen the existing auto repair consumer choice
16 laws.

17 SEC. 3. Section 758.5 is added to the Insurance Code, to read:

18 758.5. (a) It is unlawful for an insurer, including an affiliate
19 or subsidiary of an insurer or a third party acting on the insurer's
20 behalf, in connection with a claim, to direct, suggest, or
21 recommend that an automobile be repaired, or not be repaired, at
22 a specific automotive repair dealer, as defined in subdivision (a)
23 of Section 9880.1 of the Business and Professions Code, unless the
24 insured or other claimant specifically requests a referral from the
25 insurer.

26 (b) An insurer that violates this section shall be liable for ~~any~~
27 ~~compensatory~~ damages suffered by the insured or other claimant,
28 or by the automotive repair dealer, ~~including compensatory,~~
29 ~~special, and exemplary damages. Any injured party may bring an~~
30 ~~action for damages.~~